

**GOVERNMENT OF THE DISTRICT OF COLUMBIA**  
**Office of the Chief Financial Officer**

Natwar M. Gandhi  
Chief Financial Officer



**MEMORANDUM**

**TO:** The Honorable Linda W. Cropp  
Chairman, Council of the District of Columbia

**FROM:** Natwar M. Gandhi  
Chief Financial Officer

**DATE:** December 13, 2002

**SUBJECT:** Fiscal Impact Statement: "Mount Vernon Square  
Neighborhood Property Tax Credit Act of 2002"

**REFERENCE:** Bill Number 14-752 as Introduced

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**Conclusion**

Funds are not sufficient in the FY 2003 through FY 2006 budget and financial plan because the proposed legislation will result in unbudgeted reductions in real property tax revenue. **The proposed tax credit will result in an estimated \$724,000 reduction in local General Fund revenue in FY 2003 and approximately \$1.7 million in FY 2003 through FY 2006.**

**Background**

The proposed legislation makes approximately 730 properties eligible for a new tax credit that will equal the difference between the current property tax liability and 110 percent of the previous year's tax liability. The new tax credit would be in effect for 10 years following the implementation of the proposed legislation. Eligible properties are defined by the boundaries set forth in the proposed legislation which generally include portions of the Mount Vernon Square and Shaw neighborhoods surrounding the new convention center and proposed headquarters hotel sites.

**Financial Plan Impact**

Funds are not sufficient in the FY 2003 through FY 2006 budget and financial plan because the proposed legislation will result in unbudgeted reductions in real property tax revenue. The following table presents the estimated reduction to local General Fund revenue.

<b>Impact on Local General Fund Revenue</b>					
(\$ in 000s)					
<b>Item</b>	<b>FY 2003</b>	<b>FY 2004</b>	<b>FY 2005</b>	<b>FY 2006</b>	<b>4-Year Total</b>
Residential RPTx	\$126	\$55	\$57	\$60	<b>\$298</b>
Commercial RPTx	598	263	278	289	<b>\$1,428</b>
<b>Net Annual Impact</b>	<b>\$724</b>	<b>\$318</b>	<b>\$335</b>	<b>\$349</b>	<b>\$1,726</b>

Attachment I identifies properties in the impacted area and sorts those properties by indicating Office of Tax and Revenue on-file tax exempt status.

*The Chief Financial Officer's legislative fiscal analysis is prepared by the Special Projects and Fiscal Analysis Administration in the Office of Research and Analysis. Contact us at 441 4<sup>th</sup> Street, NW, Suite 400S, Washington D.C., 20001 or view our work on-line at <http://cfo.dc.gov>.*